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(Original Signature of Member)

106TH CONGRESS
2^D SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Ms. DUNN introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to encourage
charitable contributions to public charities for use in
medical research.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medical Research In-
5 vestment Act of 2000”.

1 **SEC. 2. INCREASE IN LIMITATION ON CHARITABLE DEDUC-**
2 **TION FOR CONTRIBUTIONS FOR MEDICAL RE-**
3 **SEARCH.**

4 (a) IN GENERAL.—Paragraph (1) of section 170(b)
5 of the Internal Revenue Code of 1986 (relating to percent-
6 age limitations) is amended by adding at the end the fol-
7 lowing new subparagraph:

8 “(G) SPECIAL LIMITATION WITH RESPECT
9 TO CERTAIN CONTRIBUTIONS FOR MEDICAL RE-
10 SEARCH.—

11 “(i) IN GENERAL.—Any medical re-
12 search contribution shall be allowed to the
13 extent that the aggregate of such contribu-
14 tions does not exceed the lesser of—

15 “(I) 80 percent of the taxpayer’s
16 contribution base for any taxable year,
17 or

18 “(II) the excess of 80 percent of
19 the taxpayer’s contribution base for
20 the taxable year over the amount of
21 charitable contributions allowable
22 under subparagraphs (A) and (B) (de-
23 termined without regard to subpara-
24 graph (C)).

25 “(ii) CARRYOVER.—If the aggregate
26 amount of contributions described in clause

1 (i) exceeds the limitation of such clause,
2 such excess shall be treated (in a manner
3 consistent with the rules of subsection
4 (d)(1)) as a medical research contribution
5 in each of the 10 succeeding taxable years
6 in order of time.

7 “(iii) TREATMENT OF CAPITAL GAIN
8 PROPERTY.—In the case of any medical re-
9 search contribution of capital gain property
10 (as defined in subparagraph (C)(iv)), sub-
11 section (e)(1) shall apply to such contribu-
12 tion.

13 “(iv) MEDICAL RESEARCH CONTRIBU-
14 TION.—For purposes of this subparagraph,
15 the term ‘medical research contribution’
16 means a charitable contribution—

17 “(I) to an organization described
18 in clauses (ii), (iii), (v), or (vi) of sub-
19 paragraph (A), and

20 “(II) which is designated for use
21 in conducting medical research.

22 “(v) MEDICAL RESEARCH.—For pur-
23 poses of this subparagraph, the term ‘med-
24 ical research’ has the meaning given such
25 term under the regulations promulgated

1 under subparagraph (A)(ii), as in effect on
2 the date of the enactment of this subpara-
3 graph.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 170(b)(1)(A) of the Internal Rev-
6 enue Code of 1986 is amended in the matter pre-
7 ceding clause (i) by inserting “(other than a medical
8 research contribution)” after “contribution”.

9 (2) Section 170(b)(1)(B) of such Code is
10 amended by inserting “or a medical research con-
11 tribution” after “applies”.

12 (3) Section 170(b)(1)(C)(i) of such Code is
13 amended by striking “subparagraph (D)” and in-
14 serting “subparagraph (D) or (G)”.

15 (4) Section 170(b)(1)(D)(i) of such Code is
16 amended—

17 (A) in the matter preceding subclause (I),
18 by inserting “or a medical research contribu-
19 tion” after “applies”, and

20 (B) in the second sentence, by inserting
21 “(other than medical research contributions)”
22 before the period.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply—

1 (1) to contributions made in taxable years be-
2 ginning after December 31, 2000, and

3 (2) to contributions made on or before Decem-
4 ber 31, 2000, but only to the extent that a deduction
5 would be allowed under section 170 of the Internal
6 Revenue Code of 1986 for taxable years beginning
7 after December 31, 1999, had section 170(b)(1)(G)
8 of such Code (as added by this section) applied to
9 such contributions when made.

10 **SEC. 3. TREATMENT OF CERTAIN INCENTIVE STOCK OP-**
11 **TIONS.**

12 (a) AMT ADJUSTMENTS.—Section 56(b)(3) of the In-
13 ternal Revenue Code of 1986 (relating to treatment of in-
14 centive stock options) is amended—

15 (1) by striking “Section 421” and inserting the
16 following:

17 “(A) IN GENERAL.—Except as pro-
18 vided in subparagraph (B), section 421”,
19 and

20 (2) by adding at the end the following new sub-
21 paragraph:

22 “(B) EXCEPTION FOR CERTAIN MED-
23 ICAL RESEARCH STOCK.—

24 “(i) IN GENERAL.—This para-
25 graph shall not apply in the case of a

1 medical research stock transfer of
2 stock acquired pursuant to the exer-
3 cise of an incentive stock option oc-
4 ccurring within the same taxable year
5 as the exercise.

6 “(ii) MEDICAL RESEARCH STOCK
7 TRANSFER.—For purposes of clause
8 (i), the term ‘medical research stock
9 transfer’ means a transfer—

10 “(I) of stock which is traded
11 on an established securities mar-
12 ket, and

13 “(II) which is a medical re-
14 search contribution (as defined in
15 section 170(b)(1)(G)(iv)).”.

16 (b) NONRECOGNITION OF CERTAIN INCENTIVE
17 STOCK OPTIONS.—Section 422(c) of the Internal Revenue
18 Code of 1986 (relating to special rules) is amended by
19 adding at the end the following new paragraph:

20 “(8) MEDICAL RESEARCH CONTRIBUTIONS.—
21 For purposes of this section and section 421, the
22 transfer of a share of stock which is a medical re-
23 search stock transfer (as defined in section
24 56(b)(3)(B)) shall be treated as meeting the require-
25 ments of subsection (a)(1).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to transfers of stock made after
3 the date of the enactment of this Act.